

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY-AMERICAN WATER)	
COMPANY FOR PERMISSION TO DEVIATE FROM THE)	CASE NO.
REQUIREMENTS OR 807 KAR 5:066, SECTION 16(1))	96-569
OF THE COMMISSION'S RULES)	

O R D E R

On November 26, 1996, Kentucky-American Water Company ("Kentucky-American") applied for a deviation from 807 KAR 5:066, Section 16(1). Kentucky-American filed an amended application on June 26, 1997. Said application proposed that Kentucky-American be relieved of the requirement to periodically test 5/8-inch meters so that no meter remains in service without a test for a period of 10 years. Kentucky-American submitted a statistical analysis prepared by Economic and Engineering Services, Inc., of Bellevue, Washington, based on testing performed on 5/8-inch meters installed in 1988 and 1989 in the Kentucky-American system. The analysis indicates that the trend in meter accuracy is fairly flat and stable with a very slight trend toward under registration over time. Kentucky-American proposes to institute a pilot meter sampling plan for meters older than ten years as designed by Economic and Engineering Services, Inc. in June 1997.

The Attorney General's Office of Rate Intervention ("AG") intervened and participated in discovery and the May 27, 1997 informal conference. On September 18, 1997, the AG filed a notice that he does not request a hearing and has no objection to the

case being submitted to the Commission for a decision based on the existing evidence of record.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Kentucky-American's request to deviate from 807 KAR 5:066, Section 16(1), subject to Kentucky-American's adherence to the Pilot Sampling Plan for Meters older than ten years developed by Economic and Engineering Services, Inc. in June 1997, should be approved until December 31, 2007, unless discontinued prior to that date by either Kentucky-American or by direction of the Commission.

2. Kentucky-American should continue to test, or have tested, every meter prior to placing it in service.

3. Kentucky-American should continue to test every meter which is removed from its service location for any reason.

4. Kentucky-American should continue to test customer meters as required by 807 KAR 5:006, Section 18.

5. Kentucky-American should continue to file its quarterly meter test reports as required by 807 KAR 5:006, Section 3(2).

6. Kentucky-American should file an annual report of its meter testing results as set out in the Pilot Sampling Plan with its fourth period quarterly meter test report.

IT IS THEREFORE ORDERED that:

1. Kentucky-American is granted a deviation from 807 KAR 5:066, Section 16(1), until December 31, 2007, contingent on its adherence to the Pilot Sampling Plan for

Meters older than ten years developed by Economic and Engineering Services, Inc. in June 1997, as set forth in Exhibit C to the amended application.

2. Kentucky-American shall comply with the requirements contained in Findings 2 through 6 as if the same were individually so ordered.

Done at Frankfort, Kentucky, this 30th day of September, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director